

CITY OF SAN ANTONIO
INTERDEPARTMENTAL CORRESPONDENCE
Department of Finance

CONSENT AGENDA
ITEM NO. 56

TO: Mayor and City Council

FROM: Ben Gorzell Jr. CPA, Public Utilities Supervisor/Assistant Finance Director

THROUGH: Terry M. Brechtel, City Manager

COPIES TO: Melissa Byrne Vossmer, Assistant City Manager; Milo D. Nitschke, Director of Finance; Andrew Martin, City Attorney; file

SUBJECT: Amendment to the Grande Communications Franchise Agreement

DATE: June 24, 2004

SUMMARY AND RECOMMENDATION:

This Ordinance amends the Grande Communications Cable Franchise Agreement, which was approved by Ordinance No. 91616 and became effective on July 18, 2000, in order to extend the reopener term of the Franchise to March 31, 2005.

Staff recommends approval of this Ordinance.

BACKGROUND INFORMATION:

Grande Communications Inc. (Grande) operates its cable system pursuant to a fifteen (15) year Cable Television Franchise Agreement (Franchise) that was approved by Ordinance No. 91616 in accordance with the franchise provisions of the City Charter. In anticipation of the cable franchise renewal process with Time Warner Cable (TWC), Section 4. b. (i) of the Franchise was developed to grant the City the right to reopen and renegotiate certain provisions of Grande's Franchise in order to be consistent with TWC's renewed agreement. However, that reopener period expires on or about July 18, 2004.

Progress has been made in the TWC franchise renewal negotiations, however, additional time is necessary to complete those negotiations. Grande has agreed to extend the reopener period to March 31, 2005 and TWC has agreed to extend its renewal period to the same date. No other terms or conditions of either franchise agreement will be modified. This extension modification is not considered to be a franchise renewal under the provisions of the Federal Cable Act. Additionally, neither the City nor Grande waive any rights that either party may have had prior to the approval of the extension of the term.

POLICY ANALYSIS:

The City uses the outside legal firm of Miller, Canfield, Paddock, & Stone to assist the City in negotiating Grande's reopener provisions. Miller, Canfield, Paddock, & Stone has specialized expertise in the area of telecommunications and cable law and their services complement the legal services provided by the City Attorney's Office.

The extension of the reopener period to March 31, 2005 will allow both parties to continue negotiations. While progress has been made, additional time is necessary in order for the City accomplish its cable related goals.

Concurrently, it is proposed that the TWC franchise agreement also be amended to extend its term to March 31, 2005. TWC's extension modification is also being presented for City Council consideration on June 24, 2004. The proposed timeline will also facilitate the City's ability to bring both franchise agreements to City Council for consideration simultaneously.

FINANCIAL IMPACT:

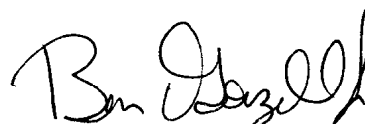
This Ordinance will not have a financial impact.

COORDINATION:

This Ordinance has been coordinated with the City Attorney's Office. The City also uses the legal firm of Miller, Canfield, Paddock, & Stone to assist in franchise renewal negotiations.

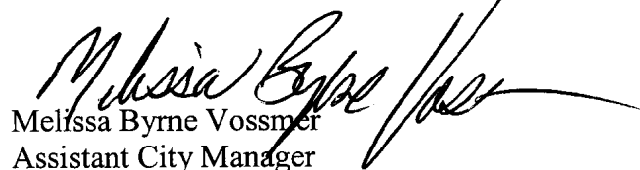
SUPPLEMENTARY COMMENTS:

The ethics disclosure form is attached.



Ben Gorzell Jr., CPA
Public Utilities Supervisor/
Assistant Director of Finance

Approved:



Melissa Byrne Vossmer
Assistant City Manager



Terry M. Brechtel
City Manager

Attachment #56

**City of San Antonio
Discretionary Contracts Disclosure***

*For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.*

** This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.*

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract.

N.A.

(2) the identity of any business entity that would be a party to the discretionary contract.

Grande Communications, Inc.

and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract.

N.A.

and the name of:

(B) any individual or business entity that is known to be a partner or a parent or subsidiary business entity of any individual or business entity who would be a party to the discretionary contract.

Grande Communications Holdings, Inc.

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

N.A.

Political Contributions

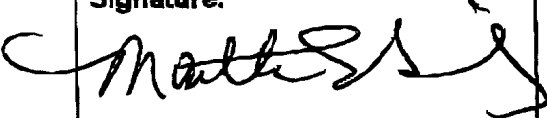
Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
Julian Castro	500.00	12/03/03
Eddie Garza	1,000.00	11/13/03

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

N.A.

Signature: 	Title: EUP, Corp. Policy & Services Company: Grande Communications, Inc.	Date: 6/17/04
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² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.